Audit of Forest Planning and Practices

RFP Timber Ltd.

Forest Licence A20016

FPB/ARC/44

December 2001

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Report from the Board

A. Report from the Board

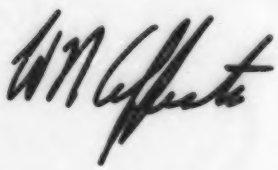
This is the Board's report on a compliance audit of Forest Licence A20016, held by RFP Timber Ltd. (RFP Timber). RFP Timber is wholly owned by Riverside Forest Products. The operating area for this licence is located within the Chilcotin Forest District, approximately 50 kilometres northwest of Alexis Creek, and southeast of Itcha-Ilgachuz Provincial Park.

The Report from the Auditor (Part C) provides further details on the location of the licence (see attached map), the scope of the audit, and the audit findings. The Report from the Auditor is based on the audit procedures described in Part B, which provides background information on the Board's audit program and the process followed by the Board in preparing its report.

The audit examined RFP Timber's planning and field activities, for the period of July 1, 2000, to July 20, 2001, related to operational planning (including forest development plans and silviculture prescriptions); timber harvesting; road construction, maintenance and deactivation; silviculture; and fire protection.

The Board considered the Report from the Auditor, along with supporting audit evidence, and agrees with the auditor's findings and conclusions. RFP Timber's operational planning; timber harvesting; silviculture; and road construction, maintenance and deactivation complied with Code requirements in all significant respects.

As noted in the Report from the Auditor, it was not possible to examine RFP Timber's compliance with Code requirements for fire equipment in the field because the woodlands operations for this licence were inactive during the time of the field audit. However, RFP Timber's fire-preparedness plans, central equipment cache and fire-hazard abatement practices were in compliance, in all significant respects, with Code requirements.



W.N. (Bill) Cafferata, RPF
Chair, Forest Practices Board

December 11, 2001

Forest Practices Board
Compliance Audit Process

B. Forest Practices Board Compliance Audit Process

Background

Forest Practices Board conducts audits of government and agreement-holders for compliance with the *Forest Practices Code of British Columbia Act* and regulations (the Code). The Board has the authority to conduct these periodic independent audits under section 176 of the *Forest Practices Code of British Columbia Act* (the Act). Compliance audits examine forest planning and practices to determine whether or not they meet Code requirements.

The Board undertakes both "limited scope" and "full scope" compliance audits. A limited scope audit examines selected forest practices (e.g., road construction, maintenance and deactivation; timber harvesting; or silviculture) and the related operational planning activities. A full scope audit examines all operational planning activities and forest practices.

The Board determines how many audits it will conduct in a year, and what type of audits (limited or full scope), based on budget and other considerations. The Board audits agreement-holders who have forest licences or other tenures under the *Forest Act* or the *Range Act*. The Board also audits government's Small Business Forest Enterprise Program (SBFEP), which is administered by Ministry of Forests district offices. Selection of agreement-holders and district SBFEPs for audit is done randomly, using a computer program, to ensure a fair, unbiased selection of auditees.

Audit Standards

Audits by the Forest Practices Board are conducted in accordance with the auditing standards developed by the Board. These standards are consistent with generally accepted auditing standards.

The audits determine compliance with the Code based on criteria derived from the *Forest Practices Code of British Columbia Act* and its related regulations. Audit criteria are established for the evaluation or measurement of each practice regulated by the Code. The criteria reflect judgments about the level of performance that constitutes compliance with each requirement.

The standards and procedures for compliance audits are described in the Board's *Compliance Audit Reference Manual*.

Audit Process

Conducting the Audit

Once the Board selects an audit and decides on its scope (limited scope or full scope), the audit period and the staff and resources required to conduct the audit are determined. Board staff also meet with the party being audited to discuss the logistics of the audit before commencing the work.

All the activities carried out during the period subject to audit are identified; for example, harvesting or replanting sites and building or deactivating road sections. The items that make up each forest

activity are referred to as a "population." For example, all sites harvested form the "timber harvesting population." All road sections constructed form the "road construction population." The populations are then sub-divided based on factors such as characteristics of the sites and potential severity of the consequences of non-compliance on the sites.

For each population, the auditors choose the most efficient means of obtaining information to conclude whether there is compliance with the Code. Because of limited resources, auditors usually rely upon sampling to obtain audit evidence, rather than inspecting all activities.

Individual sites and forest practices within each population have different characteristics, such as the type of terrain or type of yarding. Each population is divided into distinct sub-populations on the basis of common characteristics (e.g., steep ground vs. flat ground). A separate sample is selected for each population (e.g., the cutblocks selected for auditing timber harvesting). Within each population, more audit effort (i.e., more audit sampling) is allocated to the sub-population where the risk of non-compliance is greater.

Audit work in the field includes assessments from the air using helicopters and intensive ground procedures, such as measuring specific features like road or riparian reserve zone width. The audit teams generally spend one to two weeks in the field.

Evaluating the Results

The Board recognizes that compliance with the many requirements of the Code is more a matter of degree than absolute adherence. Determining compliance, and assessing the significance of non-compliance, requires the exercise of professional judgment within the direction provided by the Board.

Auditors collect, analyze, interpret and document information to determine the audit results. The audit team, composed of professionals and technical experts, first determines whether forest practices are in compliance with Code requirements. For those practices considered to not be in compliance, the audit team then evaluates the degree to which the practices are judged not in compliance. The significance of the non-compliance is determined based on a number of criteria, including the magnitude of the event, the frequency of its occurrence and the severity of the consequences.

As part of the assessment process, auditors categorize their findings into the following levels of compliance:

Compliance – where the auditor finds that practices meet Code requirements.

Not significant non-compliance – where the auditor, upon reaching a non-compliance conclusion, determines that a non-compliance event, or the accumulation and consequences of a number of non-compliance events, is not significant and is not considered worthy of reporting.

Significant non-compliance – where the auditor determines that the event or condition, or the accumulation and consequences of a number of non-compliance events or conditions, is or has the potential to be significant, and is considered worthy of reporting.

Significant breach – where the auditor finds that significant harm has occurred, or is beginning to occur, to persons or the environment as a result of the non-compliance. A significant breach can also result from the cumulative effect of a number of non-compliance events or conditions.

Identification of a possible significant breach requires the auditor to conduct tests to confirm whether or not there has been a breach. If it is determined that a significant breach has occurred, the auditor is required by the *Forest Practices Board Regulation* to immediately advise the Board, the party being audited, and the Ministers of Forests, Energy and Mines, and Water, Land and Air Protection.

Reporting

Based on the above evaluation, the auditor then prepares the "Report from the Auditor" for submission to the Board. The party being audited is given a draft of the report before it is submitted to the Board so that the party is fully aware of the findings. The auditee is also kept fully informed of the audit findings throughout the process, and is given opportunities to provide additional relevant information and to ensure the auditor has complete and correct information.

Once the auditor submits the report, the Board reviews it and determines if the audit findings may adversely affect any party or person. If so, the party or person must be given an opportunity to make representations before the Board decides the matter and issues a final report to the public and government. The representations allow parties that may potentially be adversely affected to present their views to the Board.

At the discretion of the Board, representations may be written or oral. The Board will generally decide on written representations, unless the circumstances strongly support the need for an oral hearing.

The Board then reviews the report from the auditor and the representations from parties that may potentially be adversely affected before preparing its final report, which includes the Board's conclusions and, if appropriate, recommendations.

If the Board's conclusions or recommendations result in newly adversely-affected parties or persons, additional offers of representations would be required.

Once the representations have been completed, the report is finalized and released: first to the auditee and then to the public and government.

Report from the Auditor

Report from the Auditor

1.0 Introduction

As part of the Forest Practices Board's 2001 compliance audit program, Forest Licence A20016 was selected from the population of major forest licences within the Cariboo Forest Region. The licence, held by RFP Timber Ltd., was selected randomly and not on the basis of location or level of performance. RFP Timber Ltd. is wholly owned by Riverside Forest Products. RFP Timber administers multiple licences out of its Soda Creek office, located north of Williams Lake.

Forest Licence A20016 is a volume-based licence within the Williams Lake Timber Supply Area (TSA). The traditional operating area for this licence is fairly well defined in a single geographic block located within the Chilcotin Forest District, approximately 50 kilometres northwest of Alexis Creek, and southeast of the Itcha-Ilgachuz Provincial Park (see attached map). One harvest block is located outside the traditional operating area, and is located approximately 30 kilometres east of Alexis Creek.

The forest licence has an allowable annual cut of 114,129 cubic metres. The actual volume cut during the audit period was approximately 115,000 cubic metres. The traditional operating area consists of fairly flat and dry upland plateaus.

There is currently a very large mountain pine beetle infestation affecting the interior of the province. Large portions of the Williams Lake TSA and the Quesnel TSA (directly adjacent to the operating area) are infested with the beetle. Lodgepole pine, which is susceptible to mountain pine beetle attack, is the primary species harvested under Forest Licence A20016; however, the traditional operating area does not currently contain significant numbers of mountain pine beetle.

The Williams Lake TSA falls under the *Cariboo-Chilcotin Land-Use Plan* (CCLUP), parts of which were declared a higher level plan[i] on January 23, 1996. The Forest Practices Board has completed a special investigation into the implementation of this higher level plan. The Board report outlines how difficult it is to determine which parts of the CCLUP have been declared as a higher level plan. The Board found that some of the CCLUP provisions provide direction applicable to strategic-level planning but not to forest development planning. Furthermore, the Board found that, in reviewing an individual forest development plan, it was difficult to assess how the plan addresses the targets and objectives of the higher level plan, given the ambiguous nature of some of the objectives. The report demonstrates that an individual forest development plan may be consistent with direction provided by statutory decision-makers to licensees for preparing the plan; however, the direction provided by the statutory decision-makers does not ensure that all the targets and objectives contained in the CCLUP are fully considered.

2.0 Audit Scope

The audit examined RFP Timber's activities in the areas of operational planning (including forest development plans[ii] and silviculture prescriptions[iii]); timber harvesting; silviculture; fire protection; and the construction, maintenance and deactivation of roads. These activities were assessed for compliance with the *Forest Practices Code of British Columbia Act* and related regulations (the Code). There was no forest development plan approved during the audit period, therefore the 1999-2004 forest development plan was audited for compliance with Code requirements in effect at that time, including consistency with the higher level plan.

The period for which activities were examined was July 1, 2000, to July 20, 2001.

The field activities carried out by RFP Timber Ltd. during the audit period, and therefore subject to audit, were:

- harvesting of 37 cutblocks
- layout and design of 3 sections of planned roads, totalling 25.9 kilometres
- construction of 31 road sections totalling 77.3 kilometres
- maintenance of approximately 327 kilometres of road, involving activities such as road surfacing and cleaning culverts and ditches
- construction of 2 bridges, and maintenance of 2 bridges
- deactivation of 20 road sections totalling 49 kilometres
- treeplanting of 68 cutblocks
- regeneration obligations on 50 cutblocks
- free growing obligations on 7 cutblocks
- fire protection planning and infrastructure

In addition, eight silviculture prescriptions were approved during the audit period, of which four had harvesting activity.

The audit considered findings from the December 2000 Forest Practices Board report *Implementation of the Cariboo Chilcotin Land-Use Plan in Forest Development Plans*[iv] when auditing the consistency of the forest development plan with the higher level plan. Because of the ambiguities associated with the CCLUP and the higher level plan, the assessment of consistency of the forest development plan with the higher level plan was restricted to reviewing the forest development plan's adherence to direction provided by statutory decision-makers (the forest service district manager and the designated environment official) for preparing forest development plans. The statutory decision-makers based their direction on input from the Regional Resource Board and the Interagency Management Committee, which are the two bodies charged with overseeing the implementation of the CCLUP.

Section 3 describes the audit of these activities and the audit results. The Board's audit reference manual, *Compliance Audit Reference Manual, Version 5.0, May 2001*, sets out the standards and procedures that were used for this audit.

3.0 Audit Findings

Planning and practices examined

The audit work on selected roads and cutblocks included ground-based procedures and assessments from the air using a helicopter. The audit examined:

- harvesting of 12 cutblocks
- road layout of 1 section totalling 1.4 kilometres
- construction of 6 road sections totalling 40.5 kilometres
- maintenance of approximately 99.3 kilometres of road
- deactivation of 4 road sections totalling 14.2 kilometres
- construction of 2 bridges
- maintenance of 2 bridges
- tree planting on 8 cutblocks
- regeneration obligations on 5 cutblocks
- free growing obligations on 3 cutblocks

The audit also examined RFP Timber's 1999-2004 forest development plan and amendments, including consistency with the CCLUP. We also examined three of the eight silviculture prescriptions approved during the audit period.

It was not possible to examine RFP Timber's compliance with Code requirements for fire equipment in the field because the woodlands operations for this licence were inactive during the time of the field audit (July 16-July 20, 2001). RFP Timber's fire-preparedness plan, central equipment cache, and fire-hazard abatement practices were examined.

Findings

The audit found that RFP Timber Ltd. complied, in all significant respects, with the operational planning; timber harvesting; silviculture; and road construction, maintenance and deactivation requirements of the Code. The 1999-2004 forest development plan was prepared in accordance with the direction provided by the statutory decision-makers, therefore the auditee is in compliance with this requirement of the Code. Those instances of non-compliance that were identified were neither recurring nor indicative of a trend, and were not associated with actual or potential significant harm to persons or the environment.

As stated above, the audit could not examine RFP Timber's fire-fighting tools and equipment requirements in the field. However, RFP Timber's fire-preparedness plans, central equipment cache, and fire-hazard abatement practices were in compliance, in all significant respects, with Code requirements.

4.0 Other Comments

RFP Timber's forest development plan must be consistent with the objectives of higher level plans for the area. For RFP Timber, this means consistency with the portions in the CCLUP that have been declared higher level plans under the Code.

The CCLUP classifies areas as resource management zones (RMZs) and describes objectives and targets for a variety of forest resources within each RMZ. These RMZs are large-scale planning units, each covering a substantial portion of the landscape. It is not possible to determine how forest resources within an RMZ are affected by forest practices (such as harvesting) without refining targets and objectives for smaller areas within the RMZ. In the William's Lake TSA, landscape units and landscape unit objectives are being defined to address this need. Landscape units are a smaller-scale planning unit, several of which can be contained within one RMZ. Draft landscape units have been developed, but landscape unit objectives were not in place when RFP Timber's 1999-2004 forest development plan was prepared.

Without targets and objectives set for landscape units, it is not possible to determine on the ground where the RMZ targets and objectives should be addressed. As a result, it is not possible to conclude if an individual FDP is consistent with the CCLUP. In addition, forest development plans for different licences within a landscape unit may not be sufficiently coordinated to ensure targets and objectives set in the CCLUP can be met. For example, monitoring and tracking of seral stage distribution needs to be coordinated within a landscape unit, and across the RMZ to ensure targets and objectives are met.

Because no landscape unit targets or objectives were in place, it is not possible to conclude if RFP's forest development plan was consistent with the CCLUP.

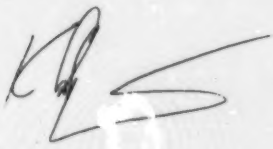
5.0 Audit Opinion

In my opinion the operational planning; timber harvesting; silviculture; road construction, maintenance and deactivation; fire-preparedness planning; and fire-hazard abatement carried out by RFP Timber Ltd. on Forest Licence A20016 from July 1, 2000, to July 20, 2001, were in compliance, in all significant respects, with the requirements of the Code as of July 2001. No opinion is provided regarding fire-fighting tools and equipment in the field.

Without qualifying my opinion, I draw attention to section 4.0, which discusses the role of landscape-unit objectives and the effect their absence has on ensuring that the forest development plan is consistent with the CCLUP.

In reference to compliance, the term "in all significant respects" recognizes that there may be minor instances of non-compliance that either may not be detected by the audit, or that are detected but not considered worthy of inclusion in the audit report.

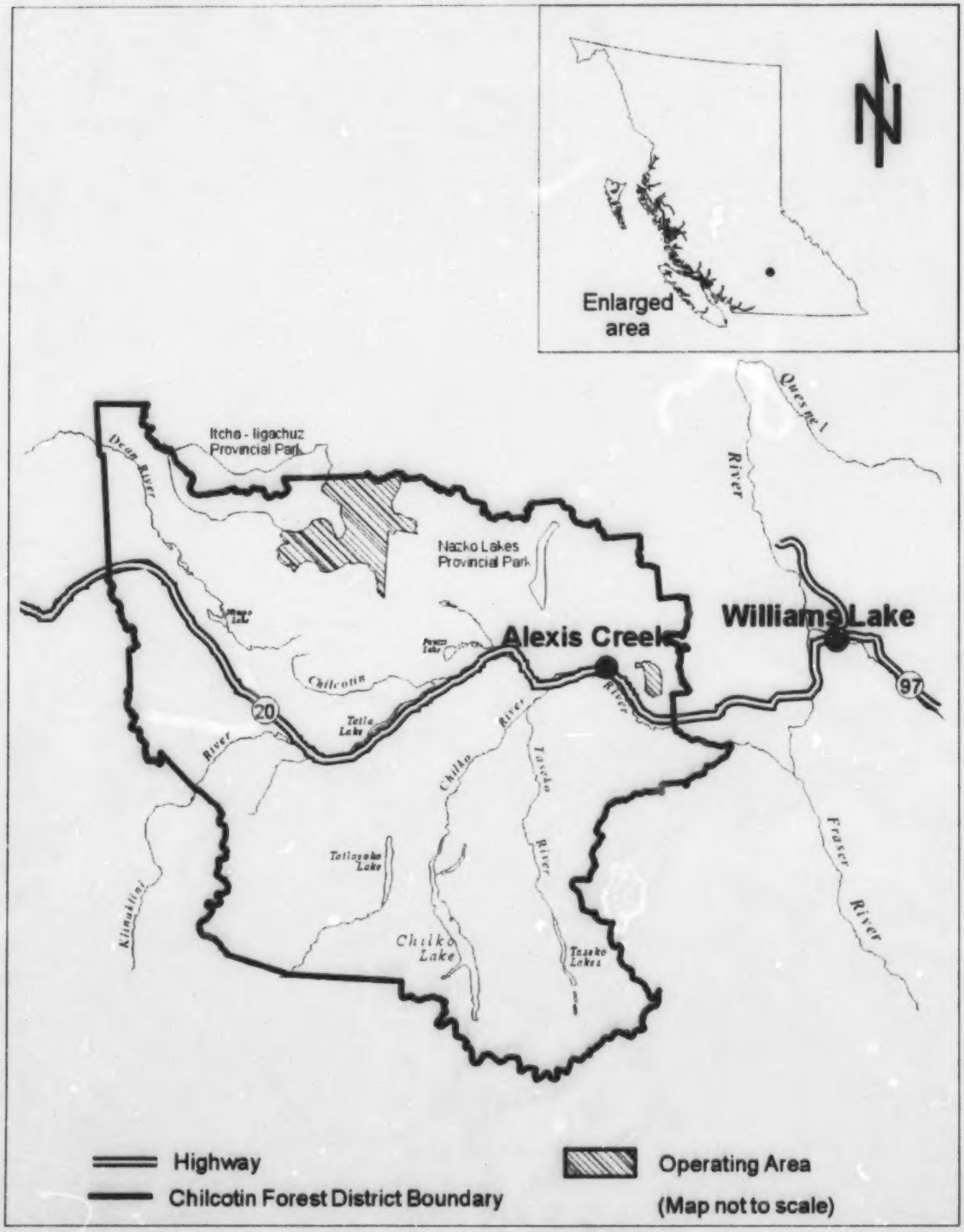
Sections 2.0 and 3.0 of this report from the auditor describe the basis of the audit work performed in reaching this opinion. The audit was conducted in accordance with the auditing standards of the Forest Practices Board. Such an audit includes examining sufficient planning and forestry practices to support an overall evaluation of compliance with the Code.



Kevin Edquist, RPF, CEA(SFM)
Auditor of Record

Victoria, British Columbia
November 20, 2001

Audit of RFP Timber Ltd. Forest Licence A20016



[i] A higher level plan is a forest resource management objective that is established as legally binding by a written order. The objective applies to a resource management zone, landscape unit, sensitive area, recreation site, recreation trail, or interpretive forest site. Higher level plans are a provision of the *Forest Practices Code of British Columbia Act* that give direction to operational plans.

[ii] A forest development plan is an operational plan that provides the public and government agencies with information about the location of proposed roads and cutblocks for harvesting timber over a period of at least five years. The plan must specify measures that will be carried out to protect forest resources. It must also be consistent with any higher level plans. Site-specific plans are required to be consistent with the forest development plan.

[iii] A silviculture prescription is a site-specific operational plan that describes the forest management objectives for an area to be harvested (a cutblock). The silviculture prescriptions examined in the audit are required to describe the management activities proposed to maintain the inherent productivity of the site, accommodate all resource values, including biological diversity, and produce a free-growing stand capable of meeting stated management objectives. Silviculture prescriptions must be consistent with forest development plans that encompass the area to which the prescription applies.

[iv] The Forest Practices Board report *Implementation of the Cariboo-Chilcotin Land-Use Plan in Forest Development Plans* is available on the Board's website – www.fpb.gov.bc.ca